Implications of Union Budget 2018-19

Steps on Long Term Capital Gains Tax and Corporate Tax to have deep impact on Indian economy, say experts

"Union Budget 2018-19 is a pro-middle class budget and a step towards universal healthcare and more particularly for the poor people. The reduction in corporate tax for companies up to Rs 250 crore turnover is a welcome step. However, the introduction of LTCG of 10% at the time when India’s economic growth is recovering, the imposition of LTCG will be an additional tax burden on all investors as they already pay Securities Transaction Tax (STT). Therefore, investors are taxed both at the time of purchase and sale of shares. Also, the introduction of LTCG rates uncertainty on computation of losses and the computation of the LTCG itself," said Mr. Praveen B. Andhyaruji, Senior Advocate, High Court Mumbai at a Panel Discussion on 'Implications of Union Budget 2018-19'. The Panel Discussion was organized jointly by World Trade Centre Mumbai and All India Association of Industries (AIAI) at WTC Mumbai on February 6, 2018.

India is said to be the only country to impose both LTCG and STT on investment in equity.

Mr. Girish Varma, National Head of Tax, KPMG in India led the government for introducing LTCG in a calibrated manner. "The impact of LTCG is not a large as it is made out to be. Although the government has imposed 10% LTCG, most foreign investors may end up paying nil percent or at the most 3% as LTCG is not applicable for investment arising from tax havens and countries with whom India has signed tax treaties. The government has also grandfathered the existing investments to avoid retrospective implementation of LTCG. Further, the tax authority has released FAQs (frequently asked questions) to address the concerns of non-residents." Mr. Varma said.

Mr. Siddharth Rastogi, Director - Asset Management, Ambit Capital Private Limited remarked, "The negative impact of the imposition of LTCG will be more compensated by the prospective gains in stock prices in future. Government will spend the revenue raised from LTCG on rural infrastructure and livelihood creation. This will drive up the sales and revenue of Corporate India. Therefore, we expect the profitability and earnings of Corporate India to grow significantly in the next 3-4 quarters."

Mr. Rastogi further observed, "Union Budget 2018-19 is not a budget for modern India or for futuristic India; it's a budget aimed at inclusive growth bringing BHARAT & India together. Every Nation once in a lifetime has to take charge to clean deep rooted inequality from face of the society, this budget is a mounting step in that direction. You rise, You take a higher ground, support your brotherhood, to emerge as One India, Healthy India and Prosperous India."

Experts feel that the reduction in corporate tax rate to 25% (from 30%) for companies with turnover up to Rs 250 crore will benefit a wider net of micro, small and medium companies (MSMEs).

In his remarks, Mr. M.S. Mani, Partner - GST, Deloitte India explained the possible impact of the increase in the customs duty on certain category of products. "While the customs duty increases on various products would make manufacturing in India more attractive, in the short term it would also enhance revenue collections which have been a little dented due to the lower than expected GST revenues."

Mr. Jayesh Karila, Partner - International Tax and Regulatory, BSR and Associates pointed out, "Allocation of around Rs. 7 lakh crore for farm infrastructure, roads, ports and other projects will create employment and increase income in the hands of the people, thereby kickstarting demand."

Speaking on other key amendments in the Union Budget, Mr. Rajesh A. Athavale, Head- Direct Taxation, JPM Advisors Private Limited said, "Welcome amendments are proposed through MAT relaxation to insolvent companies which are covered by Insolvency and Bankruptcy Code (IBC), deductions granted to senior citizens, extension of period for entitlement of deduction available for start-ups and widening the definition of eligible business of start-up companies. At the same time, several amendments proposed which are retrograde in nature, like backlash entry of some of the items which are struck down by the Delhi Court in relation to Income and Computation Disclosure Standards, introduction of Long term capital gains tax regime without discontinuing STT and 1% extra cess."

Ms. Y.R. Warsekar, Executive Director, World Trade Centre Mumbai proposed Vote of Thanks for the event.

Caption: Distinguished panelists at the Panel Discussion on 'Implications of Union Budget 2018-19' at World Trade Centre Mumbai. (From left to right): Mr. Jayesh Karila, Partner - International Tax and Regulatory, BSR and Associates, Mr. M.S. Mani, Partner - GST, Deloitte India, Mr. Rajesh S. Athavale, Head- Direct Taxation, JPM Advisors Private Limited, Ms. Y.R. Warsekar, Executive Director, World Trade Centre Mumbai, Mr. Praveen B. Andhyaruji, Senior Advocate, High Court Mumbai, Mr. Girish Varma, National Head of Tax, KPMG in India, Mr. Siddharth Rastogi, Director - Asset Management, Ambit Capital Private Limited.
भारतीय अर्थव्यवस्थेवर दीर्घ मुदत भांडवली लाभ कर आणि कॉर्पोरेट करांचा परिणाम होणार

मुंबई: २०१८-१९चा केंद्रीय अर्थसंकल्प हा शोधकीर्णांनी अर्थसंकल्प आहे. आरोग्याथारी शाळींवर आणि मुख्य महाने गरीब लोकांसाठी आणि अर्थसंकल्प आहे. २५० कोटीची उल्हासाळ्या असलेल्या कंपन्यांच्या कॉर्पोरेट करामधील कपाट हे स्वागतार्थ पाऊल आहे.
मात्र, भारताच्या अर्थव्यवस्था सुधारासाठी असलेल्या ‘दीर्घ मुदत भांडवली’ (एल्टीएसीजी) याची अंतर्देशाबांधणी करण्याच्या निर्णयाचे पुनर्वाचनक करावला हवे, असे म्हणून मुंबई उच्च न्यायालयाचे ज्योत वंधाळी फिल्मी बी. अंधार्यांनी यांनी व्यक्त केले.

बर्ल्ड ट्रॉल सेंटर मुंबई आणि ऑल इंडिया असोसिएशन ऑफ इंडस्ट्रीज (एआयएआय) यांच्या संयुक्त विचारामोहणे आयोजित केलेल्या चर्चासत्रात ते बोलत होते. समतलभागील गुंतवणुकीवर एल्टीएसीजी आणि एसएसटी (आकारणारा भारत हा एकमेव देश असल्याच्यावर आणि वेळी नमुद करण्यात आले. केंद्रीय अर्थशास्त्री राज्य अर्थशास्त्री ग्रिशा बनवारी यांनी एल्टीएसीजीचे कॉलोन पाहून ते म्हणाले, गुंतवणूकीच्या ‘सिक्सपरिटीज ड्राक्कॉन्स टाक्स’ (AESयाच्या) आधीच भरला असलयामुळे ‘एल्टीएसीजी’ हा कर हारावांवर अतिरिक्त बोझ टांगावर आहे. त्यामुळे समभागांच्या खरेदी आणि विक्रीविषयी गुंतवणूकीच्या कर भराव लागणार आहे. ‘एल्टीएसीजी’मुळे नुकसानाचा आकडा आणि प्रत्यक्ष ‘एल्टीएसीजी’चा आकडा याबद्ध संबंध राहणार आहे. भारतीय अर्थव्यवस्थेवर एल्टीएसीजीचा मोठा परिणाम होईल, असे म्हटले जात असलेले तरी ते तेवढंसेच खरेदी नाही.
केंद्र सरकारने १० टक्के एल्टीएसीजी लागता असलेला तरी बहुसंख्य पर्यायी गुंतवणूकीदरांनी एक तर तो काहीच भराव लागणार नाही किंवा काहीच अवघा पाच टक्के भराव लागेल. ज्या देशांतरथिते भारताचे कर कार झाले असते, असा देशाच्या अन्यर्थिकोन्ना एल्टीएसीजीफार्स फसल करणाऱ्यास होईल. या संदभांते नेहमी विचारल्या जाणाऱ्या प्रमाणांबद्ध कर अधिकार्यांनी एक प्रशिक्षापत्रक काहीत आहे.
Steps on LTCG Tax and Corporate Tax to have deep impact on Indian economy, say experts

By A Business Reporter

“Un ion Budget 2018-19 is a farmer-centric budget and a step towards universal healthcare and more particularly for the poor people. The reduction in corporate tax for companies upto Rs 250 cr turnover is a welcome step. However, the introduction of LTCG is a retrograde step at a time when India’s economic growth is recovering. The imposition of LTCG will be an additional tax burden on all investors as they already pay Securities Transaction Tax (STT). Therefore, investors are taxed both at the time of purchase and sale of shares. Also, the introduction of LTCG raises uncertainty on computation of losses and the computation of the LTCG itself,” said Firoze B. Andhyaru jina, Senior Advocate, High Court Mumbai at a Panel Discussion on ‘Implications of Union Budget 2018-19’. The Panel Discussion was organized jointly by World Trade Centre Mumbai and All India Association of Industries (AIAI) at WTC Mumbai on February 6, 2018.

India is said to be the only country to impose both LTCG and STT on investment in equity. Girish Vanvari, National Head of Tax, KPMG in India lauded government for introducing LTCG in a calibrated manner. “The impact of LTCG is not as large as it is made out to be. Although the government has imposed 10% LTCG, most foreign investors may end up paying nil percent or at the most 5% as LTCG is not applicable for investment arising from tax havens and countries with whom India has signed tax treaties. The government has also grandfathered the existing investments to avoid retrospective implementation of LTCG. Further, the tax authority has released FAQs (frequently asked questions) to address the concerns of non-residents.” Vanvari said.

Oil companies should reduce petrol/diesel prices, says AIAI

By A Business Reporter

In light of the petroleum products prices coming down to below US$ 65/- per barrel its surprising as the Oil companies have not reduces the petrol and diesel prices, they should have followed the same trend which they were doing while increasing this is anti Consumer act of oil companies, said Vijay Kalantri, President, All India Association of Industries (AIAI).

AIAI further feels instead of daily changes in rates, the Government should revert back every 15 days as in past to facilitate consumers and oil dealers and avoid confusion. Kalantri further said that the recent increase in CESS on petrol/diesel from Rs. 2/- to Rs. 8/- is a big hike which should be brought down to Rs. 4/- or revert to original cess rate.

The state Governments is also increasing hike on CESS and Local taxes, which needs to be rationalized, we suggest petroleum products should be brought under GST on priority.